

INFORMATIONAL CIRCULAR NO.: 18-A-006

DATE: March 23, 2018

SUBJECT: Employee Moving Expense Reimbursements

EFFECTIVE DATE: January 1, 2018

CONTACT: Nancy Ruoff (785) 296-2853 Nancy.Ruoff@ks.gov Payroll & Accounting
Jackie Craine (785) 296-2934 Jackie.Craine@ks.gov Statewide Policy

APPROVAL: DeAnn Hill (original signature on file)

SUMMARY: Changes to Taxability of Moving Expense Reimbursements

This Informational Circular (IC) is issued to announce the following changes to the process for the reimbursement of qualified moving expenses to state employees:

The federal Tax Cuts and Job Act (H.R.1) enacted into law on December 22, 2017 amends Internal Revenue Code – Title 26, § 132(g) suspending the existing exclusion for qualified moving expense reimbursements from gross income.

Effective January 1, 2018 all qualified moving expense reimbursements are subject to taxes and are to be reimbursed directly to the employee through payroll (SHARP) using the Moving Expense Taxable (MVT) earnings code.

As authorized by KSA 75-3225(d), the Secretary of Administration intends to amend KAR 1-16-2b to require that moving expenses be reimbursed directly to the employee and to no longer allow payments to a commercial carrier. Therefore, moving related direct billed (commercial carrier, lodging, or airfare) payments are no longer authorized to be paid via the SMART Accounts Payable module or agency procurement card. Nor should any moving related reimbursements be paid to the employee through the SMART Travel & Expense module due to the taxable fringe benefit reporting requirements.

All moving expenses are to be paid after the move has occurred and all the necessary documents and receipts have been submitted by the employee for reimbursement. *As authorized by KSA 75-3225, per KAR 1-16-2b(b)(1), the amount to be paid for moving household and personal effects may not in any case exceed the amount of the actual reimbursable moving expenses verified by receipts and bill of lading or the amount of moving expenses for moving twelve thousand (12,000) pounds of household goods by commercial carrier, whichever is the lesser amount.* The agency is required to determine the actual amount of the moving expense to be reimbursed to the employee and notify the appropriate agency HR/Payroll staff of the employee and the amount to be added to the employee's timesheet as MVT earnings. Agency HR/Payroll staff should include the reimbursement on the employee's timesheet in the pay period following submission of the documentation.

As specified in KSA 76-727(b)(2), applicable to state educational institutions, the amount of the reimbursement cannot exceed the amount of the actual moving expenses verified by receipts or the amount of moving expenses for moving 12,000 pounds of household goods, whichever is the lesser amount.

Documentation for all moving expense reimbursements paid through SHARP with the MVT code should be maintained at the agency.

Approval to Reimburse Qualified Moving Expenses

The approval process for both in-state and out-of-state authorizations are not impacted by the taxability of the moving expense reimbursements.

As required by KSA 75-3225(a), an agreement must be signed by the agency head prior to authorizing the reimbursement of moving expenses to an employee using [Form DA-22](#), **Agreement for Reimbursement of Moving Expenses**.

If an applicant is from out-of-state; prior approval of the Secretary of Administration and the Governor should be obtained using [Form DA-29](#), **Request to Pay Expense of Out-of-State Applicants**, to reimburse moving expenses. *(KSA 76-727 (3c) exempts state educational institutions and the Board of Regents from obtaining prior approval of the governor).*

Policy Manual 3,607 - Employee Moving Expense Reimbursement has been updated and will be available on or before March 30th on the Department of Administration website. <http://admin.ks.gov/offices/chief-financial-officer/policy-manual>

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